

RECORDATION NO. 11121-A
Filed 1425

RECORDATION NO. 11121-B
Filed 1425

NOV 29 1979 - 12 40 PM

NOV 29 1979 - 12 40 PM

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

CRAVATH, SWAINE & MOORE

RECORDATION NO. 11121
NOV 29 1979 - 12 40 PM

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

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RECORDATION NO. 11121-425
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Date 150.00
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INTERSTATE COMMERCE COMMISSION

ICC Washington, D. C.

RECORDATION NO. 11121-D
Filed 1425
NOV 29 1979 - 12 40 PM

INTERSTATE COMMERCE COMMISSION

November 14, 1979

Ideal Basic Industries, Inc.

Lease Financing Dated as of September 1, 1979
9.9% Conditional Sale Indebtedness Due 1994

[CS&M Ref: 4876-013]

Dear Madam:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of Ideal Basic Industries, Inc. for filing and recordation, counterparts of the following:

(1) (a) Conditional Sale Agreement dated as of September 1, 1979, among Greenville Steel Car Company, North American Car Corporation and Exchange National Bank of Chicago;

(b) Agreement and Assignment dated as of September 1, 1979, among Greenville Steel Car Company, North American Car Corporation and LaSalle National Bank;

(2) (a) Lease of Railroad Equipment dated as of September 1, 1979, between Ideal Basic Industries, Inc. and Exchange National Bank of Chicago; and

(b) Assignment of Lease and Agreement dated September 1, 1979, between Exchange National Bank of Chicago and LaSalle National Bank; and

(3) Sublease of Railroad Equipment dated as of September 1, 1979, between Ideal Basic Industries, Inc. and Graysonia, Nashville and Ashdown Railroad Company.

Counterpart
John Austin

New Member

- A

- B

- C

- D

COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK W. DETWEILER
GEORGE G. TYLER

ROSWELL L. GILPATRICK
L. R. BRESLIN, JR.
GEORGE B. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON

4, PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX: 290530

33 THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 01-608-1421
TELEX: 8814901

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

The addresses of the parties to the aforementioned agreements are:

Vendor:

North American Car Corporation
222 South Riverside Plaza,
Chicago, Illinois 60606.

Builder:

Greenville Steel Car Company
P. O. Box 7511
Union Street,
Greenville, Pennsylvania 16125.

Lessee-Sublessor:

Ideal Basic Industries, Inc.
Ideal Plaza, 950 17th Street,
P. O. Box 8789
Denver, Colorado 80201.

Agent:

La Salle National Bank
135 South LaSalle Street
Chicago, Illinois 60690.

Trustee-Purchaser:

Exchange National Bank of Chicago,
130 South LaSalle Street,
Chicago, Illinois 60690.

Sublessee:

Graysonia, Nashville and Ashdown Railroad Company,
210 South Front Street
Nashville, Arkansas 71852.

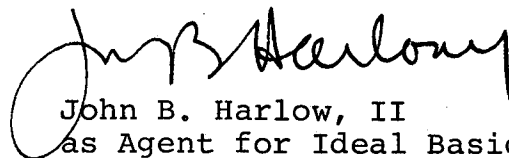
Please file and record the documents referred to in this letter and cross-index them under the names of the Vendor, the Builder, the Lessee-Sublessor, the Agent, the Trustee-Purchaser and the Sublessee.

The equipment covered by the aforementioned agreements

consists of 48 hopper cement cars, AAR Mechanical designation LO, bearing the road numbers of the Lessee GNA 342123-GNA 342180, inclusive.

Enclosed is our check for \$150 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,



John B. Harlow, II
as Agent for Ideal Basic
Industries, Inc.

Interstate Commerce Commission,
Washington, D. C. 20423

Attention of Ms. Agatha Mergenovich,
Secretary

Encls.

11121-D
NOV 20 1979
INTERSTATE
COMMERCIAL UNION

SUBLEASE

This Sublease, dated and effective as of the 1st day of September, 1979, is by and between Ideal Basic Industries, Inc. (hereinafter referred to as "Sublessor") and Graysonia, Nashville and Ashdown Railroad Company (hereinafter referred to as "Sublessee").

RECITALS

1. Sublessor has leased from Exchange National Bank of Chicago, as Trustee, and its successors and assigns (hereinafter referred to as "Lessor") under a Lease dated September 1, 1979 (hereinafter referred to as the "Lease") 58 Covered Hopper Cement Cars, as more fully described in Appendix A to the Lease (the "Equipment"). A copy of the Lease, the related Conditional Sale Agreement (hereinafter referred to as the "CSA") and the related Indemnity Agreement (hereinafter referred to as "Indemnity Agreement") is attached hereto and made a part of this Sublease.

2. Sublessor desires to sublease the Equipment, but not to assign the Lease, to Sublessee and Sublessee desires to sublease the Equipment from Sublessor.

NOW, THEREFORE, Sublessor hereby subleases the Equipment to Sublessee on the following terms and conditions:

1. Term. The term of this Sublease as to each unit of Equipment shall begin and terminate on the dates described in Section 4.1 of the Lease, unless sooner terminated or cancelled as provided herein, excluding any renewal term pursuant to the exercise of Sublessee's option under the Lease.

2. Rent. Sublessee shall pay each month to Sublessor as rent for the Equipment the same rental which Sublessor owes to Lessor under the Lease. Sublessee shall make rental

payments to Sublessor at least one (1) business day prior to the date the Sublessor owes the rental to the Lessor, unless directed otherwise by the Sublessor. In the event Sublessor receives in a timely manner such rents from the Sublessee but Sublessor does not make rental payments in compliance with the Lease, then Sublessee may make such payments under the Lease for and on behalf of Sublessor and Sublessor agrees to indemnify Sublessee for said payments and to hold Sublessee harmless from any costs, court costs, attorneys' fees and judgments as Sublessee may be required to expend or pay in any action relative to the Lease.

3. Other Payments. This is a net sublease. All taxes, insurance, indemnification, casualty values or other amounts payable by the Sublessor under the Lease, CSA or Indemnity Agreement shall be paid directly by the Sublessee. In the event Sublessee fails to make any payments required by this Sublease, the Lease, CSA or the Indemnity Agreement, then Sublessor may make such payments for and on behalf of Sublessee and Sublessee agrees to indemnify Sublessor for said payments and to hold Sublessor harmless from any costs, court costs, attorneys' fees and judgments that Sublessor may be required to expend or pay in any actions relative to the Lease.

4. Compliance with Lease and Agreements; Indemnity. Except for rental payments which are to be paid by Sublessee in accordance with Section 2 hereof, Sublessee agrees to perform in a timely manner and observe all obligations, duties and covenants of Sublessor, as Lessee, under the Lease, CSA and the Indemnity Agreement, including without limitation such obligations and duties as are set forth specifically in this Sublease. So long as no Event of Default exists under the Lease or this Sublease, Sublessee shall be entitled to the possession and use of the Equipment

in accordance with the terms and conditions of this Sublease. Sublessee shall indemnify and hold harmless Sublessor from and against any claims or liabilities (including attorneys' fees and expenses related thereto) arising directly or indirectly out of or in any way relating to the Equipment, the Lease, this Sublease, the CSA or the Indemnity Agreement, except claims or liabilities arising out of actions by Sublessor with respect to the operation or use of the Equipment. Sublessor shall indemnify and hold harmless Sublessee from and against any claims or liabilities (including attorneys' fees and expenses related thereto) arising out of actions of Sublessor with respect to operation or use of the Equipment.

5. Title; Condition of Equipment. Sublessor represents and warrants to Sublessee that (a) it has title to its interest under the Lease, (b) that it has good right, full power and lawful authority to execute and deliver this Sublease and (c) as of the date of this Sublease, it is not in default under any of the provisions of the Lease or CSA. Sublessee accepts each unit of Equipment in its condition existing at the time the term for such unit begins, and Sublessee shall maintain the Equipment in a good state of repair at its expense in compliance with the requirements of the Lease and CSA. Sublessee shall, at its own expense, keep the Equipment free and clear of any liens as required by the Lease and CSA.

6. Use of Equipment; Improvements. Sublessee shall have the right to improve the Equipment, or change the use of the Equipment, without the prior written approval of Sublessor, so long as Sublessee complies with all conditions contained in the Lease and the CSA.

7. Assignment and Sub-subleasing. Sublessee shall not assign or encumber this Sublease and shall not sublease

any unit of Equipment without the prior written consent of Sublessor.

8. No Use Outside United States of America. Sublessee shall not use, or allow the use, of any unit of Equipment outside of the United States of America without the prior written consent of the Sublessor.

9. Subordination. This Sublease is subject to all the terms and conditions of the Lease and CSA. This Sublease is expressly subordinate to the rights and remedies of the Agent under the CSA and Lessor under the Lease; and, upon the occurrence of any event of default under the Lease, Sublessee shall make all payments payable thereunder to Lessor or its assignee.

10. Events of Default. The occurrence of one or more of the following events shall be an "Event of Default" hereunder:

- a. Any default shall be made by Sublessee in the payment of any amount in accordance with this Sublease;
- b. Sublessee shall make or permit any unauthorized assignment or transfer of this Sublease, or any interest herein, or of the right to possession of any unit of Equipment;
- c. Default shall be made in the observance or performance of any covenant, condition or agreement on the part of Sublessee contained in this Sublease;
- d. A petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against Sublessee, or any other proceedings shall be commenced by or against Sublessee for any relief which includes or might result

in any modification of the obligations of Sublessee under this Sublease pursuant to any bankruptcy or insolvency laws or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions.

11. Termination and Remedies. Upon the occurrence of an Event of Default under this Sublease or upon termination of the Lease for any reason, Sublessor may terminate this Sublease by notice thereof in writing to Sublessee; but Sublessee shall remain liable as herein provided and shall perform and observe all obligations, duties and covenants which would exist under the Lease, CSA and Indemnity Agreement on the part of Sublessor upon termination of the Lease as a result of an Event of Default thereunder. Upon the occurrence of an Event of Default under this Sublease, Sublessor may also take under this Sublease any and all such actions and exercise any and all such rights as the Lessor may take or exercise upon the occurrence of an Event of Default under the Lease, as if the rights and remedies of Lessor set forth in Article 13 of the Lease were stated fully in this Sublease and referred to this Sublease, Sublessor and Sublessee rather than the Lease, Trustee and Lessee, respectively.

12. Notices. Any notice which may be required to be given hereunder from either of the parties to the other shall be in writing. Said notice, unless otherwise specifically provided herein, may be served personally, or shall be deemed duly served if sent by certified mail, return receipt requested, addressed as follows:

a. If to Sublessor:

Ideal Basic Industries, Inc.
950 17th Street
Denver, Colorado 80202
Attention: Treasurer

b. If to Sublessee:

Graysonia, Nashville and Ashdown
Railroad Company
210 South Front Street
Nashville, Arkansas 71852

or at such other address as either of the parties may hereafter designate in writing. Any notice received by Sublessor or Sublessee from the Lessor relating to the provisions of the Lease or CSA and/or any default thereunder, will be forwarded without unreasonable delay to the other party after receipt thereof.

13. Successors and Assigns. All of the terms, provisions and conditions hereof shall extend to, be binding upon and inure to the benefit of the successors and assigns of the parties hereto, subject, however, to any restrictions imposed upon Sublessor and Sublessee by the Lease and CSA.

14. Credit for Over Payments. Sublessor shall give credit to, or reimburse, Sublessee for any payments made under this Sublease, the Lease, the CSA or the Indemnity Agreement by Sublessee to Sublessor which exceed the Sublessor's actual costs or payments to third parties under this Sublease, the Lease, the CSA or the Indemnity Agreement.

15. Investment Tax Credit. Pursuant to Section 48(d)(1) of the Code, the Sublessor elects to treat the Sublessee as having acquired the Units for purposes of the investment tax credit. The Sublessor represents, warrants and agrees that the Sublessor will execute and deliver to the Sublessee an appropriate statement containing the information prescribed by Treas. Reg. § 1.48-4(f) or (g) on or before the due date of the Sublessee's Federal income tax return for its taxable year ended December 31, 1979. The Owner has represented, warranted and agreed in Section 7 of the Indemnity Agreement that (a) the Owner shall employ a

depreciable useful life for each Unit of not less than seven years and not in excess of 14 years; and (b) the Owner shall not make any disposition of the property within the meaning of Treas. Reg. § 1.47-2(b)(2)(ii), giving rise to investment credit recapture, so long as no Event of Default under the Lease shall have occurred.

16. Governing Law. This Sublease shall be governed by the law of the State of Colorado.

IN WITNESS WHEREOF, the parties have executed this Sublease this 28th day of November, 1979.

IDEAL BASIC INDUSTRIES, INC.

By: *Robert W. Suppes*

ATTEST:

RJ Swenson

GRAYSONIA, NASHVILLE AND
ASHDOWN RAILROAD COMPANY

By: *Robert W. Suppes*

Special Attorney and Agent

WITNESS:

RJ Swenson

STATE OF COLORADO)

) ss.

CITY AND COUNTY OF DENVER)

On this 28th day of NOVEMBER, 1979, before me personally appeared Robert W. Suppes, to me personally known, who being by me duly sworn, says that he is the Vice President of Ideal Basic Industries, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires: 11-13-81.

[SEAL]

Glenda M. Hjar
Notary Public